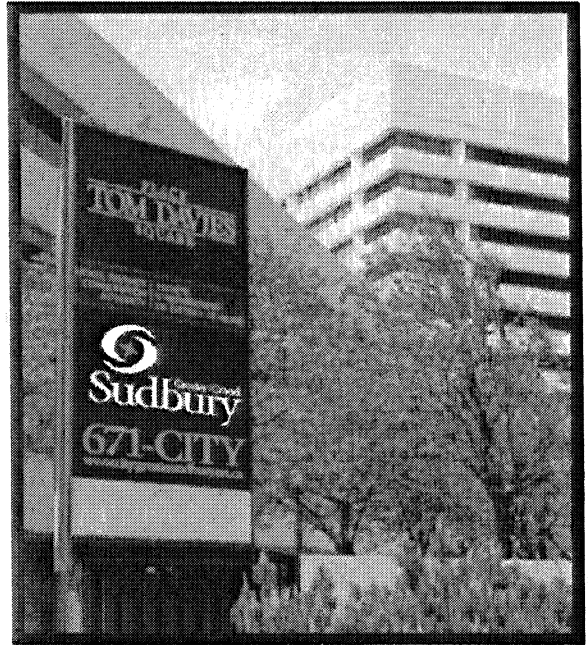


Agenda Ordre du Jour

Councillor/Conseiller
Ted Callaghan
Chair/Présidente

Councillor/Conseiller
Russ Thompson
Vice-Chair/Vice-Président



**For the
Finance Committee
Meeting to be held**

Wednesday, November 4, 2009

at 4:30 p.m

**Council Chamber
Tom Davies Square**

**Pour la réunion du
Comité des finances
qui aura lieu**

mercredi le 4 novembre 2009

à 16 h 30

**dans la Salle du Conseil
Place Tom Davies**

Finance Committee AGENDA

**THIRTY-EIGHTH MEETING OF THE FINANCE COMMITTEE
TO BE HELD ON WEDNESDAY, NOVEMBER 4, 2009 AT 4:30 P.M.
IN THE COUNCIL CHAMBER, TOM DAVIES SQUARE**

COUNCILLOR CALLAGHAN, CHAIR

(PLEASE ENSURE CELL PHONES AND PAGERS ARE TURNED OFF)

The Council Chamber of Tom Davies Square is wheelchair accessible. Please speak to the City Clerk prior to the meeting if you require a hearing amplification device. Persons requiring assistance are requested to contact the City Clerk's Office at least 24 hours in advance of the meeting if special arrangements are required. Please call (705) 674-4455, extension 2471. Telecommunications Device for the Deaf (TTY) (705) 688-3919. Copies of Agendas can be viewed on the City's web site at www.greatersudbury.ca.

DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

PRESENTATION

1. Report dated October 30, 2009 from the Chief Financial Officer/Treasurer regarding 2010 Capital Budget. 1 - 7
(ELECTRONIC PRESENTATION) (FOR INFORMATION ONLY)

➤ Lorella Hayes, Chief Financial Officer/Treasurer

(This report provides information regarding the 2010 Capital Budget and the 2011 and 2012 Capital Budget estimates. At the conclusion of the 2010 budget deliberations, a resolution approving the capital budget will be presented.)

REVIEW OF 2010 CAPITAL BUDGET

2. The Chair of the Finance Committee will review the Capital Budget in the 2010 to 2012 Budget Document.

(2010 CAPITAL BUDGET DOCUMENT UNDER SEPARATE COVER)

DEPARTMENTAL PRESENTATIONS

3. Emergency Services
(Refer to 2010 Capital Budget Binder - Tab 2010 – Pages 20 to 24
- Tab 2011 – Pages 20 to 24
- Tab 2012 – Pages 17 to 21)

➤ Tim Beadman, Chief of Emergency Services

4. Fire Services
(Refer to 2010 Capital Budget Binder - Tab 2010 – Pages 25 to 26
- Tab 2011 – Pages 25 to 26
- Tab 2012 – Pages 22 to 23)

➤ Marc Leduc, Fire Chief

5. Infrastructure Services
(Refer to 2010 Capital Budget Binder - Tab 2010 – Pages 2 to 19
- Tab 2011 – Pages 2 to 19
- Tab 2012 – Pages 2 to 16)

➤ Greg Clausen, General Manager of Infrastructure Services

2010 PARKING LOT REVIEW

6. The Chair of the Finance Committee will review each of the items placed in the Parking Lot. The consensus of Council will be required for each item listed in the Parking Lot.

ADJOURNMENT (RESOLUTION PREPARED)

**COUNCILLOR TED CALLAGHAN
CHAIR, FINANCE COMMITTEE**

**FRANCA BORTOLUSSI
COUNCIL SECRETARY**

Request for Recommendation Finance Committee



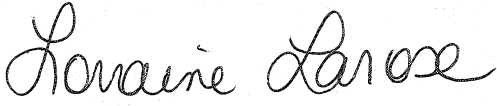
Type of Decision									
Meeting Date	November 4, 2009			Report Date	October 30, 2009				
Decision Requested		Yes	X	No	Priority	X	High		Low
	Direction Only				Type of Meeting	X	Open		Closed

Report Title
2010 Capital Budget

Budget Impact / Policy Implication	Recommendation
<input checked="" type="checkbox"/> This report has been reviewed by the Finance Division and the funding source has been identified.	

	<p>For Information Only.</p> <p>(Resolution to be approved by the Finance Committee at the conclusion of 2010 Budget deliberations.)</p>
<input checked="" type="checkbox"/> Background Attached	<input type="checkbox"/> Recommendation Continued

Recommended by the Department	Recommended by the C.A.O.
 Lorella Hayes Chief Financial Officer/Treasurer	 Doug Nadorozny Chief Administrative Officer

Report Prepared By	Division Review
 Lorraine Larose Senior Budget Analyst	

BACKGROUND

Council adopted a Capital Policy in 2001 which recommended that the Capital Budget be approved in the fall of each year. This allows the operating departments to prepare for the upcoming construction season and tender early, in order to achieve the best possible prices for the projects to be undertaken. Tender documents can be prepared, advertised and awarded, with work commencing mainly in 2010 and 2011.

Acceptance of the 2011 and 2012 Capital Budget estimates provides staff with the guidance to commence preparatory work on upcoming projects.

Capital Envelope System and Long Term Financial Plan

The Capital Policy also established the Capital Envelope system which specifies capital allocations to the operating departments by specific function, such as Roads, Buildings, Information Technology, etc.

A Long Term Financial Plan (LTFP) was adopted in principle by Council in November of 2002. One of the assumptions in this Plan was that the contributions to the Capital Envelopes would increase by an inflation factor annually. A 2% inflation factor was first applied to the 2004 envelopes, and has been maintained since then. The increase to the tax levy in 2010 as a result of the 2% inflationary increase to the envelopes is \$670,385, which includes \$10,254 for Police Services.

Water and Wastewater Envelopes have also been increased annually by the 2% inflation factor as well as the additional \$400,000 and \$440,000 respectively each year in accordance with the Sustainable Capital Asset Program (SCAMP) adopted by Council. The SCAMP program was approved to continue, until such time as the capital contributions for water and wastewater equal 2% of the water and wastewater infrastructure replacement value. This was estimated to be achieved by 2011. However, with a significant increase in the replacement value of water/wastewater infrastructure, as well as new growth related infrastructure and unanticipated needs such as Biosolids Management, the SCAMP program should be revisited and extended beyond 2011. A report to Council will be forthcoming once the PSAB 3150 Tangible Capital Asset project and asset values are complete.

The total envelope funding provided through the base operating budget since 2003 is as follows:

2003 Capital Envelopes -	\$32.0 million	
2004 Capital Envelopes -	\$34.1 million	
2005 Capital Envelopes -	\$39.6 million	- includes capital levy increase of \$3.2M
2006 Capital Envelopes -	\$44.5 million	- includes capital levy increase of \$3.3M
2007 Capital Envelopes -	\$47.4 million	- includes capital levy increase of \$0.8M
2008 Capital Envelopes -	\$52.4 million	- includes capital levy increase of \$3.7M
2009 Capital Envelopes -	\$54.8 million	- includes capital levy increase of \$0.0M
2010 Capital Envelopes -	\$56.7 million	(proposed)

In order to finance the additional capital expenditures in the 2010 budget, as well as to maximize the use of the Investing in Ontario one-time capital grant, staff have reallocated the capital envelopes between operating departments as follows:

	2010 Capital Envelopes
Roads	\$20,641,390
Solid Waste Projects	\$1,114,226
Buildings Projects – I and ES	\$881,251
Public Safety – contribution to reserve for communications equipment replacement	\$390,150
Fire	\$855,431
Community Improvement Projects and Neighbourhood Participation Projects	\$410,000
Recreation	\$3,697,903
Parks	\$1,836,667
Libraries	\$260,000
Pioneer Manor	\$757,844
One time contribution to Walden Family Health Team Project	\$345,000
Building Projects – community development facilities	\$2,014,359
Information Technology and Administrative Capital Projects	\$451,533
Police	\$533,427
Subtotal of Contribution from Operating to Capital	\$34,189,181
Water	\$11,239,297
Wastewater	\$11,303,717
Total 2010 Capital Envelopes	\$56,732,195

2010 Capital Budget

The following table summarizes the total 2010 Capital Budget as well as the recommended funding sources.

Department	Funding Sources						
	Capital Envelope	Internal Financing/ Future Envelopes	Reserves or Reserve Funds	Grants or Recoveries	Investing in Ontario	Federal Gas Tax	2010 Capital Budget
Infrastructure	\$ 45,179,881	\$ 2,593,500	\$10,045,274	\$ 25,733,332	\$ 12,155,000	\$ 10,087,000	\$105,793,987
Emergency Services/ Public Safety	390,150		1,401,865				1,792,015
Fire	855,431				1,500,000		2,355,431
Community Development	9,321,773	3,740,000	2,354,000	6,681,666	1,345,000		23,442,439
Growth & Development			2,221,536	2,488,464			4,710,000
Administrative Services	451,533		123,467				575,000
Police Services	533,427		542,500				1,075,927
Total	\$ 56,732,195	\$6,333,500	\$16,688,642	\$34,903,462	\$15,000,000	\$10,087,000	\$139,744,799

See the Capital Budget binder for the detailed list of proposed capital expenditures for 2010.

The following is a breakdown of the 2010 budget:

Base 2010 Budget	\$91.1 Million
Infrastructure Stimulus Projects	\$48.6 Million
Total Capital Budget	\$139.7 Million

Federal and Provincial Stimulus Projects

The City of Greater Sudbury was successful in receiving approval for the following capital projects under the Infrastructure Stimulus Fund (ISF) and the Recreation Infrastructure Canada Fund (RIInC):

	Total Project Budget	City's 1/3 Share
Municipal Road 80 – Paris Street to Kathleen to York	\$11,500,000	\$3,833,333
Municipal Road 71 – Lasalle Boulevard	\$14,100,000	\$4,700,000
Municipal Road 86 – Falconbridge Hwy – Kingsway to Skead	\$13,000,000	\$4,333,333
Grace Hartman Amphitheatre	\$5,000,000	\$1,666,667
Howard Armstrong Exterior Wall Rehabilitation	\$2,000,000	\$666,667
James Jerome Sports Complex	\$3,000,000	\$1,000,000
Total Value of Projects	\$48,600,000	\$16,200,000

The City's 1/3 share will be funded as follows:

Federal Gas Taxes (maximum 50% of City's 1/3 share of road projects)	\$6,433,334
Allocation from 2010 Capital Envelope/contribution from tax levy	<u>\$9,766,666</u>
Total	<u>\$16,200,000</u>

In accordance with the grant requirements, these funds must be spent no later than March 31, 2011. The 2010 Budget includes the total gross budget of \$48.6M even though certain projects span almost 2 years. The following is an estimate of the timing of the construction schedule:

Project	July to Dec 2009	2010	2011	Total
Roads	\$15.9M	\$22.7 M	-	\$38.6 M
Grace Hartman	\$0.5M	\$3.3 M	\$1.2 M	\$5.0 M
James Jerome	\$1.3M	\$1.7M	-	\$3M
Howard Armstrong	\$0.05M	\$1.95M	-	\$2.0M
Total	\$17.75M	\$29.65M	\$1.2 M	\$48.6M

Federal Gas Tax

The annual Federal Gas Tax revenues are intended to fund incremental spending on environmentally sustainable municipal infrastructure projects that promote clean air, clean water, and reduced greenhouse gas emissions within eligible categories (transit, roads & bridges, water, wastewater, solid waste, capacity building and community energy systems).

Roads were identified as the largest unfunded area and consistently garnered public input to provide a better transportation network. As a result, staff recommends that Federal Gas Tax revenues of \$10.1 million be allocated 100% to this area for 2010, consistent with prior years.

The 2011 and 2012 Roads Capital budget reflect an allocation of \$5 million out of the anticipated \$9.71 million Federal Gas Tax Grant. These budgets will be updated in the future to include the balance of the grant based upon projects to be identified at that time.

Approval for Internal Financing

Inclusive of the 2010 Budget, it is being recommended that expenditures totalling \$6.3 million be approved for spending in 2010. These funds will be internally financed by borrowing from the Capital Fund balance, and repaid through contributions from the 2011 through 2030 Capital Envelopes.

The following table lists the projects:

Department	Project	Portion to be Financed	Repayment Period
Roads	Four laning MR80 – Frost to Glenn	\$843,500	2011
Roads	Lasalle Notre Dame Improvements	\$1.3M	2011
Water	Watermain – Downing St from Howey Dr to North End	\$25,000	2011
Water	Watermain – Regent – Bouchard to Caswell	\$425,000	2011
Libraries	South End Library (previously approved)	\$3.74M	2011-2030
Total		\$6,333,500	

Previously Approved Internal Financing

As of October 2009, there is approximately \$22.8 million of projects that have been approved by borrowing from the Capital Fund. Some of the larger projects include Levack Water Supply, South End Rock Tunnel, Pioneer Manor Development, Centre Lionel E. Lalonde Centre, and Kingsway projects.

These projects have been financed internally and funds will be repaid from future capital envelopes, and Section 391 user charges.

SUMMARY

In conclusion, City staff is recommending that the 2010 Capital Budget in the amount of \$139.7 million (inclusive of capital envelopes, grants, reserve amounts and internal financing of \$6.3 million). Also, staff have developed 2011 and 2012 estimates for information only. These future estimates, will be used by City staff in planning for and developing future capital budgets.

During the review of budget reduction options, staff will be providing the Finance Committee with two options to reduce the Capital budget.

- 1) To freeze the capital envelopes at the 2009 levels. This option would be a reduction to the tax levy in the amount of \$670,375.
- 2) To roll-back the inflationary increase approved in the 2008 Budget. This reduction would be approximately \$600,000, in addition the option above.

At the conclusion of the 2010 Budget deliberations, the following resolution related to the Capital Budget will be recommended:

THAT Council approve the 2010 Capital Budget in the amount of \$_____ million, which is funded as follows:

Contribution from the Operating Budget/2010Capital Envelopes \$_____ million;

Provincial and Federal Grants \$_____ million;

Contributions from CGS reserve and reserve funds \$_____ million; and

Internal financing of \$_____ million be approved for projects to be completed in 2010 and be repaid from future capital envelopes in 2011 to 2030;

That Council accept the 2010 Police Services Capital Budget and;

THAT the remainder of the 2011 and 2012 Capital Budgets be accepted for information for staff to use as a planning tool.